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7 Attorneys for Complainant

8  
9 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
**STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

12 SONNY RESNICK  
13 22110 Victory Boulevard, #C107  
Woodland Hills, CA 91367

14  
15 Certified Public Accountant License No. CPA  
56940

16  
17 Respondent.

Case No. AC-2006-24

**DEFAULT DECISION  
AND ORDER**

[Gov. Code, §11520]

18 **FINDINGS OF FACT**

19 1. On or about March 8, 2007, Complainant Carol Sigmann, in her official  
20 capacity as the Executive Officer of the California Board of Accountancy (Board), Department of  
21 Consumer Affairs, filed Accusation No. AC-2006-24 against SONNY RESNICK (Respondent)  
22 before the Director of Consumer Affairs.

23 2. On or about September 8, 1990, the Board issued Certified Public  
24 Accountant License No. CPA 56940 to Owen I. Resnick (name changed to Sonny Resnick on  
25 December 22, 2000). As of June 30, 2004, Respondent's license is in delinquent status.

26 3. On March 26, 2007, Gilda R. Sanchez, an employee of the Department of  
27 Justice, served, by Certified and First Class Mail, a copy of Accusation No. AC-2006-24,  
28 Statement to Respondent, Notice of Defense, Request for Discovery, and Government Code

1 sections 11507.5, 11507.6, and 11507.7 to Respondent's address of record with the Board, which  
2 was and is:

3 22110 Victory Blvd.  
4 Woodland Hills, CA 91367

5 A copy of the Accusation, the related documents, and Declaration of Service are  
6 attached as exhibit A, and are incorporated herein by reference.

7 4. Service of the Accusation was effective as a matter of law under the  
8 provisions of Government Code section 11505, subdivision (c).

9 5. Government Code section 11506 states, in pertinent part:

10 "(c) The respondent shall be entitled to a hearing on the merits if the respondent  
11 files a notice of defense, and the notice shall be deemed a specific denial of all parts of the  
12 accusation not expressly admitted. Failure to file a notice of defense shall constitute a waiver of  
13 respondent's right to a hearing, but the agency in its discretion may nevertheless grant a hearing."

14 6. Respondent failed to file a Notice of Defense within 15 days after service  
15 upon him of the Accusation and, therefore, waived his right to a hearing on the merits of  
16 Accusation No. AC-2006-24.

17 7. California Government Code section 11520 states, in pertinent part:

18 "(a) If the respondent either fails to file a notice of defense or to appear at the  
19 hearing, the agency may take action based upon the respondent's express admissions or  
20 upon other evidence and affidavits may be used as evidence without any notice to  
21 respondent."

22 8. Pursuant to its authority under Government Code section 11520, the Board  
23 finds Respondent is in default. The Board will take action without further hearing and, based on  
24 Respondent's express admissions by way of default and the evidence before it contained in exhibits  
25 A, finds that the allegations in Accusation No. AC-2006-24 are true.

26 9. The total costs for investigation and enforcement are \$6,386.57 as of  
27 May 9, 2007.

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Exhibit A  
Accusation No.AC-2006-24  
Related Documents and Declaration of Service

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9 **BEFORE THE**  
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10 **DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

13 SONNY RESNICK  
22110 Victory Boulevard, #C107  
14 Woodland Hills, CA 91367

15 Certified Public Accountant License No. CPA  
56940

16  
17 Respondent.

Case No. AC-2006-24

OAH No.

**A C C U S A T I O N**

18  
19 Complainant alleges:

20 **PARTIES**

21 1. Carol Sigmann (Complainant) brings this Accusation solely in her official  
22 capacity as the Executive Officer of the California Board of Accountancy (Board), Department of  
23 Consumer Affairs.

24 2. On or about September 8, 1990, the Board issued Certified Public  
25 Accountant License No. CPA 56940 to Owen I. Resnick (name changed to Sonny Resnick on  
26 December 22, 2000, hereinafter "Respondent"). The license was not in full force and effect at all  
27 times relevant to the charges brought herein against Respondent. And, now, as of June 30, 2004,  
28 Respondent's license is in a delinquent status.

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1           "(f) Licensees shall maintain a written documentation retention and destruction  
2 policy that shall set forth the licensee's practices and procedures complying with this article."

3           6.       California Code of Regulations, title 16, section 68.2, states:

4           "(a) To provide for the identification of audit documentation, audit documentation  
5 shall include an index or guide to the audit documentation which identifies the components of the  
6 audit documentation.

7           "(b) In addition to the requirements of Business and Professions Code Section  
8 5097(b), audit documentation shall provide the date the document or working paper was  
9 completed by the preparer(s) and any reviewer(s), and shall include the identity of the preparer(s)  
10 and any reviewer(s).

11           "(c) Audit documentation shall include both the report date and the date of  
12 issuance of the report.

13           7.       California Code of Regulations, title 16, section 68.3, states:

14           "(a) The retention period mandated by Business and Professions Code Section  
15 5097 shall be measured from the report date.

16           "(b) If audit documentation is required to be kept for longer than seven years  
17 because of a pending Board investigation or disciplinary action, audit documentation shall not be  
18 destroyed until the licensee has been notified in writing by the Board of the closure of a Board  
19 investigation or disciplinary proceeding.

20           "(c) Any documents required to be maintained by Business and Professions Code  
21 Section 5097 or these regulations shall be maintained in accessible form.

22           "(d) Audit documentation shall be retained whether or not the documentation  
23 supports the auditor's final conclusions. All audit documentation regarding any significant matter  
24 related to the audit shall be retained whether or not the documentation contains information or  
25 data inconsistent with the auditor's final conclusions. Significance of a matter shall be determined  
26 based on an objective analysis of the facts and circumstances. Audit documentation to be retained  
27 shall also include all documentation of consultations on, or resolutions of, any differences of  
28 opinion regarding the exercise of professional judgment.



1                   8.       Section 5100 states:

2                   "After notice and hearing the board may revoke, suspend or refuse to renew any  
3 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5  
4 (commencing with Section 5080), or may censure the holder of that permit or certificate for  
5 unprofessional conduct which includes, but is not limited to, one or any combination of the  
6 following causes:

7                   .....

8                   "(e) Violation of Section 5097.

9                   "(g) Willful violation of this chapter or any rule or regulation promulgated by the  
10 board under the authority granted under this chapter.

11                  9.       Section 5109 states:

12                  "The expiration, cancellation, forfeiture, or suspension of a license, practice  
13 privilege, or other authority to practice public accountancy by operation of law or by order or  
14 decision of the board or a court of law, or the voluntary surrender of a license by a licensee shall  
15 not deprive the board of jurisdiction to proceed with any investigation of or action or disciplinary  
16 proceeding against the licensee, or to render a decision suspending or revoking the license."

17                  10.       Section 5107 provides, in pertinent part, that the Board's Executive  
18 Officer may request the administrative law judge, as part of the proposed decision in a disciplinary  
19 proceeding, to direct any holder of a permit or certificate found to have committed a violation or  
20 violations of this chapter to pay to the Board all reasonable costs of investigation and prosecution  
21 of the case, including, but not limited to, attorney's fees. The board shall not recover costs  
22 incurred at the administrative hearing.

23                  11.       California Code of Regulations, title 16, section 68.1 states:

24                  "(a) Working papers are the licensee's records of the procedures applied, the tests  
25 performed, the information obtained and the pertinent conclusions reached in an audit, review,  
26 compilation, tax, special report or other engagement. They include, but are not limited to, audit of  
27 other programs, analyses, memoranda, letters of confirmation and representations, abstracts of  
28 company documents and schedules or commentaries prepared or obtained by the licensee. The

1 form of working papers may be handwriting, typewriting, printing, photocopying, photographing,  
2 computer, data, or any other letters, words, pictures, sounds, or symbols or combinations thereof.

3 (b) Licensees shall adopt reasonable procedures for the safe custody of working  
4 papers and shall retain working papers for a period sufficient to meet the needs of the licensee's  
5 practice and to satisfy applicable professional standards and pertinent legal requirements for  
6 record retention.

7 (c) Licensees shall retain working papers during the pendency of any Board  
8 investigation, disciplinary action, or other legal action involving the licensee. Licensees shall not  
9 dispose of such working papers until notified in writing by the Board of the closure of the  
10 investigation or until final disposition of the legal action or proceeding if no Board investigation is  
11 pending."

12 12. California Code of Regulations, title 16, section 89, states, in pertinent  
13 part:

14 "(c) If continuing education credit for attending a continuing education course is  
15 claimed, the licensee shall obtain and retain for four years after renewal a certificate of completion  
16 or its equivalent . . . ."

17 . . . .  
18 (k) A licensee's willful making of any false or misleading statement, in writing,  
19 regarding his or her continuing education shall constitute cause for disciplinary action pursuant to  
20 section 5100(g) of the Accountancy Act."

21 13. California Code of Regulations, title 16, section 87 states:

22 . . . .  
23 "(c) Accounting and Auditing Continuing Education Requirements.

24 A licensee who engages in planning, directing, performing substantial portions of  
25 the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24  
26 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course  
27 subject matter specified in this subsection. Course subject matter must pertain to financial  
28 statement preparation and/or reporting (whether such statements are prepared on the basis of

1 generally accepted accounting principles or other comprehensive bases of accounting), auditing,  
2 reviews, compilations, industry accounting, attestation services, or assurance services. This  
3 continuing education shall be completed in the same two-year license renewal period as the report  
4 is issued. If no report is issued because the financial statements are not intended for use by third  
5 parties, the continuing education shall be completed in the same two-year license renewal period  
6 as the financial statements are submitted to the client."

7 14. California Code of Regulations, title 16, section 94 states:

8 "Failure to comply with these continuing education rules by a licensee engaged in  
9 public practice, as defined in Business and Professions Code Section 5051, constitutes cause for  
10 disciplinary action under Section 5100."

11 15. California Code of Regulations, title 16, section 52 states:

12 "(a) A licensee shall respond to any inquiry by the Board or its appointed  
13 representatives within 30 days. The response shall include making available all files, working  
14 papers and other documents requested.

15  
16 (d) A licensee shall provide true and accurate information and responses to  
17 questions, subpoenas, interrogatories or other requests for information or documents and not take  
18 any action to obstruct any Board inquiry, investigation, hearing or proceeding."

19 FIRST CAUSE FOR DISCIPLINE

20 (Practice Without Permit)

21 16. Respondent is subject to disciplinary action, pursuant to section 5050, on  
22 the grounds of practicing public accountancy without holding a valid permit to practice public  
23 accountancy. The facts and circumstances are as follows:

24 Respondent performed an audit on the balance sheet of Vital Express Franchise  
25 Group, Inc., as of October 15, 2004. The audit report was dated October 26, 2004; however,  
26 Respondent's CPA license expired on August 1, 2004.

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1 SECOND CAUSE FOR DISCIPLINE

2 (Unprofessional Conduct With Regard to Continuing Education Requirement)

3 17. Respondent is subject to disciplinary action as defined in section 5100,  
4 subdivision (g), and California Code of Regulations, title 16, sections 89, subdivisions (c) and  
5 (k), and 94. The facts and circumstances are as follows:

6 Respondent failed to provide course completion forms as evidence that  
7 Respondent completed the 80-hour license renewal requirement for the June 30, 2002 renewal  
8 period ending June 30, 2004.

9 THIRD CAUSE FOR DISCIPLINE

10 (Standard of Practice, Audit Documentation and Unprofessional Conduct)

11 18. Respondent is subject to disciplinary action as defined in sections 5100(e),  
12 5097, and California Code of Regulations, title 16 sections 68.1, 68.2 and 68.3 The facts and  
13 circumstances are as follows:

14 Respondent failed to properly maintain audit documentation. Specifically,  
15 Respondent did not maintain audit documentation to support the statement in his audit report,  
16 dated October 26, 2004, of the balance sheet of the Vital Express Franchise Group, Inc., as of  
17 October 15, 2004, that Respondent's audit was conducted in accordance with auditing standards  
18 generally accepted in the United States of America.

19 FOURTH CAUSE FOR DISCIPLINE

20 (Failure to Respond to Inquiry from the Board)

21 19. Respondent is subject to disciplinary action as defined in section 5100,  
22 subdivision (g) and California Code of Regulations, title 16, sections 87, subdivision (c), and 94.  
23 The facts and circumstances are as follows:

24 Respondent did not fulfill the 24-hours Accounting & Auditing (A&A)  
25 requirement for licensees that prepare financial statements. According to Respondent's June 30,  
26 2002 renewal form, Respondent completed between 14 and 20 hours towards the A&A  
27 requirement.

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1 FIFTH CAUSE FOR DISCIPLINE

2 20. Respondent is subject to disciplinary action as defined in section 5100,  
3 subdivision (g), and California Code of Regulations, title 16, section 52, subdivisions (a) and (d).  
4 The facts and circumstances are as follows:

5 Respondent failed to respond, within 30 days, to a letter, dated May 8, 2006, from  
6 Investigative CPA John O'Connor.

7 PRAYER


8 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
9 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

10 1. Revoking, suspending, or otherwise imposing discipline upon Certified  
11 Public Accountant License No. CPA 56940, issued to Sonny Resnick.

12 2. Ordering Sonny Resnick to pay the California Board of Accountancy the  
13 reasonable costs of the investigation and enforcement of this case, pursuant to Business and  
14 Professions Code section 5107;

15 3. Taking such other and further action as deemed necessary and proper.

16 DATED: March 8, 2007

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18   
19 CAROL SIGMANN  
20 Executive Officer  
21 California Board of Accountancy  
22 Department of Consumer Affairs  
23 State of California  
24 Complainant

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